



Pickle Card Operator Information Guide

This guide has been developed to provide a basic overview of the laws and regulations which govern businesses and organizations licensed as pickle card operators in Nebraska. This guide supplements the information contained in the Nebraska Pickle Card Lottery Act and the Pickle Card Regulations. Important rules of play for selling pickle cards to the public are contained in the regulations and should be thoroughly reviewed by you and all of your employees who will be selling and redeeming pickle cards.

SELLING PICKLE CARDS IN NEBRASKA. All pickle cards sold to the public in Nebraska are sold on behalf of nonprofit organizations which are licensed by the Nebraska Department of Revenue, Charitable Gaming Division. All pickle cards legally sold in Nebraska are required to be imprinted by a licensed distributor with the name and state identification number of the licensed organization on whose behalf the cards are being sold.

LICENSE ELIGIBILITY. In order to qualify for a pickle card operator's license, the applicant must hold a retail liquor license or a bottle club license issued by the Nebraska Liquor Control Commission. The biennial fee for a pickle card operator license is \$100 and the fee must be paid by the applicant. The fee may not be paid on the applicant's behalf by the licensed organization which intends to sell pickle cards at the applicant's business location nor may the applicant be reimbursed the fee by the licensed organization. All pickle card operator licenses expire on September 30 of each odd-numbered year. License renewal applications must be submitted to the Charitable Gaming Division at least 60 days prior to the expiration date of the license. License fees are due in full for the biennial licensing period. However, if a new license application is received by the Department and the license will become effective on or after October 1 of the second year of the biennial licensing period, the license fee to be remitted to the Department is one-half of the biennial fee. A pickle card operator's license is not transferable if the business is sold.

AUTHORIZATION TO SELL PICKLE CARDS. A pickle card operator's license entitles the business to sell pickle cards for any number of licensed organizations; however, before selling pickle cards for a particular organization, the pickle card operator must be authorized to do so by the Charitable Gaming Division. A licensed organization must apply for and obtain a "Pickle Card Operator Authorization" from the Charitable Gaming

Division for each pickle card operator location which has agreed to sell the organization's pickle cards. This requires the organization to complete and submit a Nebraska Schedule II - Authorization for Pickle Card Operator, Form 50. An owner, officer, member, or partner of the business licensed as a pickle card operator must sign the application, signifying his or her willingness to sell pickle cards on behalf of the organization. There is no fee required to obtain the authorization. The Pickle Card Operator Authorization is mailed to the licensed organization. The licensed organization is responsible for delivering the authorization to the location of the pickle card operator and ensuring that the authorization is prominently displayed. **A business which has obtained a pickle card operator's license may not sell individual pickle cards on behalf of a licensed organization until such time as it has physical possession of both a pickle card operator's license and an authorization from the licensed organization for which it intends to sell pickle cards.**

PURCHASING PICKLE CARDS UNITS — SALES AGENTS. Pickle cards are sold to pickle card operators in the form of a "unit." The only person who is authorized to sell pickle card units to a pickle card operator is the licensed organization's sales agent. This is an individual who has been licensed by the Charitable Gaming Division to market pickle card units to pickle card operators on behalf of a licensed organization. A pickle card operator **MUST** purchase all of its pickle card units through a licensed sales agent. Pickle card operators must pay for all pickle card units either in advance or upon delivery. The extension of credit in any form is strictly prohibited. Unless otherwise specifically authorized by the Charitable Gaming Division, pickle card units must be paid for by a check drawn on either the business account of the pickle card operator or the personal account of an owner, partner, member, or corporate officer of the business. The cost of a pickle card unit will vary depending on the type of pickle cards sold. The

pickle card operator's cost is the difference between the definite profit of the unit and the pickle card operator's commission. The definite profit of a pickle card unit is the total possible receipts from the sale of all pickle cards in the unit less all of the possible prizes. The purchase of a pickle card unit must be receipted by the sales agent on a standard receipt form supplied by the Charitable Gaming Division. A copy of this receipt is left with the pickle card operator and must remain at the location where pickle cards are sold until the unit is completely sold or removed from play. Sales receipts must be available for inspection by Charitable Gaming Division personnel.

AGE RESTRICTIONS. No one under 18 years of age is permitted to buy, sell, or play pickle cards. It is unlawful for a pickle card operator or its employees or agents to knowingly allow someone under 18 years of age to buy, sell, or play pickle cards.

PICKLE CARD OPERATOR COMMISSION. Pickle card operators may be paid a commission by a licensed organization for selling pickle card units on its behalf. The commission cannot exceed thirty (30) percent of the definite profit of the pickle card unit. This is the MAXIMUM amount a pickle card operator may receive. A licensed organization or sales agent cannot provide any further type of compensation, directly or indirectly, to a pickle card operator as an inducement for the pickle card operator's agreement to sell that organization's pickle cards. Other types of illegal inducements include offering to make a donation to the pickle card operator's sports teams or favorite charity, offering to pay license fees for the operator, and offering or providing pickle card dispensing devices to the operator free of charge or for a rate less than fair-market value.

PICKLE CARD DISPENSING DEVICES. Pickle card operators are permitted to sell individual pickle cards to the public through a coin or currency-operated pickle card dispensing device. A pickle card operator may purchase, lease, or rent a dispensing device from a licensed organization, licensed distributor, licensed manufacturer, or any other business which supplies such devices. If the pickle card operator purchases, leases, or rents a device from a licensed organization or

licensed distributor, it must be at a rate not less than fair market value. There must be a written agreement between the pickle card operator and the licensed organization and the agreement is subject to approval by the Charitable Gaming Division. All pickle card dispensing devices must be registered with the Charitable Gaming Division prior to their use. The annual registration fee is \$50 per device. The responsibility for registration of the device and payment of the fee is based upon where the device is being used and not who owns the device. Upon payment of the fee, a registration decal is issued by the Charitable Gaming Division which must be permanently affixed to the device. The decal is valid from the date of issuance until December 31 of each year. An application for renewal of the device registration must be submitted to the Charitable Gaming Division by November 15 of each year. Any person who places a pickle card dispensing device in operation without a current registration decal conspicuously and permanently affixed to the device is subject to an administrative penalty of \$30 and the device may be sealed or seized by the Charitable Gaming Division.

TAXES. There is a state pickle card tax of 10 percent of the definite profit on each pickle card unit sold; however, this tax is paid by the licensed distributor from which the licensed organization purchases its pickle card units. The distributor collects the tax from the organization as part of the selling price of the unit. Likewise, the distributor also collects sales tax from the licensed organization on the selling price of the unit. Pickle card operators do not have to charge sales tax on the sale of individual pickle cards to the public.

FEDERAL FILING REQUIREMENTS. Pickle card operators are required to file with the Internal Revenue Service (IRS) an Occupational Tax and Registration Return for Wagering, Form 11-C, for each person who sells individual pickle cards or pays winning pickle cards. For more information regarding this filing, you should contact the Excise Tax Division of the IRS in Omaha, Nebraska at (402) 361-0227 .

FOR MORE INFORMATION. If you have questions, contact the Charitable Gaming Division of the Nebraska Department of Revenue, 301 Centennial Mall South, P.O. Box 94855, Lincoln, Nebraska 68509-4855, telephone (402) 471-5937 or toll free (877) 564-1315. Information on the sale of pickle cards is also available on the Department's Web site at www.revenue.state.ne.us/gaming.